



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 7/28/2000

GAIN Report #FR0061

France

Livestock and Products

Annual

2000

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Report Highlights:

The French and EU pork supply is declining in 2000, following an oversupply and very low prices in 1999. As a result of increased pork prices, the price competitiveness of pork with beef is decreasing and French pork consumption is expected to decline in 2000, while beef consumption is likely to remain stable. France normally competes with the United States on the Russian market for beef and pork products, and on the Japanese and Korean markets for pork. In 2000, however, French exports to Russia are estimated to have decreased significantly from last year when beef shipments benefitted from the EU Food Aid Program, and high pork shipments resulted from abnormally high EU export restitutions. In 2000, the EU Food Aid Program ended and export restitutions on pork were reduced substantially by the EU Commission. In percentage terms, French exports of pork to Japan and Korea in 2000 are expected to increase significantly, but the quantities involved are expected to remain low.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Paris [FR1], FR

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Executive Summary

In 2000, French pork and beef producer prices are on an increasing trend, partially recovering from the Russian economic crisis which has significantly hurt the meat market since 1998. The French and EU pork supply is declining in 2000, following an oversupply and very low prices in 1999. As a result of increased pork prices, the price competitiveness of pork with beef is decreasing and French pork consumption is expected to decline in 2000, while beef consumption is likely to remain stable. French exports to Russia are expected to decrease significantly in 2000: beef shipments were high in 1999 because they benefitted from the EU Food Aid Program, which was terminated in 2000, and pork shipments were high in 1999, as a result of high EU export restitutions, which was reduced sharply in 2000. By contrast, French exports of pork to Japan and Korea are expected to increase significantly in percentage terms, but the quantities involved are expected to remain at low levels compared to those previously shipped to Russia.

SECTION I: SITUATION AND OUTLOOK

Recovering from the Russian economic crisis, both cattle and swine producer prices in 2000 are higher than in 1999. Pork supply is declining in France and the EU, and increased pork prices are expected to reduce the price-competitiveness of pork products with beef products in 2000. As a result, French beef consumption is expected to remain strong in 2000 while pork consumption is estimated to decline.

French beef exports benefitted from the EU Food Aid Program to Russia in 1999, but the program is now terminated and beef exports to third countries are therefore expected to decrease sharply in 2000. A reduction in French pork exports is also expected in 2000, due to lower export restitutions for pork products to Russia. The EU Commission reduced significantly export subsidies in 2000 because the pork market has changed from 1999, when there was an oversupply of pork and very low prices. In 2000, because EU pork production is decreasing and prices are increasing, pork export subsidies are not necessary.

French pork shipments to Japan and Korea are likely to grow significantly in 2000, although they cannot offset the reduction in exports to Russia. French exports to Asia do not benefit from export restitutions and are therefore limited volumes compared to exports with restitutions to Russia.

France assumed the EU Presidency on July 1. One of the first official actions under the French presidency was that the EU Council of Agriculture Ministers agreed on an EU beef labeling scheme in mid-July. The French beef labeling system currently in place corresponds to it on several aspects but will have to be expanded to include labeling of ground beef in September 2000 and to indicate the countries of birth, fattening and slaughter in January 2002.

SECTION II: STATISTICAL TABLES

Cattle

Production, Supply and Demand Tables

PSD Table						
Country	France					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	20073	20097	20194	20194	0	20150
Dairy Cows Beg. Stocks	4433	4433	4421	4419	0	4400
Beef Cows Beg. Stocks	4049	4049	4066	4068	0	4080
Production (Calf Crop)	7050	7115	7100	7070	0	7100
Intra EC Imports	291	289	259	255	0	259
Other Imports	1	3	1	1	0	1
TOTAL Imports	292	292	260	256	0	260
TOTAL SUPPLY	27415	27504	27554	27520	0	27510
Intra EC Exports	1415	1500	1560	1560	0	1560
Other Exports	39	43	40	40	0	40
TOTAL Exports	1454	1543	1600	1600	0	1600
Cow Slaughter	2481	2483	2480	2520	0	2520
Calf Slaughter	1896	1892	1960	1960	0	1960
Other Slaughter	1265	1267	1294	1290	0	1280
Total Slaughter	5642	5642	5734	5770	0	5760
Loss	125	125	10	0	0	0
Ending Inventories	20194	20194	20210	20150	0	20150
TOTAL DISTRIBUTION	27415	27504	27554	27520	0	27510
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: French Livestock and Meat Board (OFIVAL), Office of Statistics of the French Ministry of Agriculture (SCEES), French Customs, French Center for Foreign Trade (CFCE)

PSD Table						
Country	France					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	5642	5642	5734	5770	0	5760
Beginning Stocks	72	72	20	11	0	5
Production	1567	1568	1590	1600	0	1600
Intra EC Imports	309	320	305	320	0	321
Other Imports	15	18	15	20	0	20
TOTAL Imports	324	338	320	340	0	341
TOTAL SUPPLY	1963	1978	1930	1951	0	1946
Intra EC Exports	283	293	285	295	0	295
Other Exports	81	85	55	55	0	55
TOTAL Exports	364	378	340	350	0	350
Human Dom. Consumption	1579	1589	1585	1596	0	1596
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	1579	1589	1585	1596	0	1596
Ending Stocks	20	11	5	5	0	0
TOTAL DISTRIBUTION	1963	1978	1930	1951	0	1946
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, CFCE, French Customs

Trade Matrices

Trade matrices for live cattle are the following:

Export Trade Matrix				
Country	France		Units:	1,000 head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0		
Others				
Italy	1041	1049	281	291
Spain	443	371	97	97
Netherlands	42	41	7	4
Lebanon	43	39	6	14
Greece	19	26	5	5
Germany	21	19	7	6
Belgium	62	18	6	1
Portugal	8	8	2	1
Morocco	8	6	2	1
Total for Others	1687	1577	413	420
Others not Listed	9	11	3	3
Grand Total	1696	1588	416	423

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1,000 head
Commodity	Animal Numbers, Cattle		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Germany	68	71	18	14
Italy	59	67	17	5
Spain	42	53	8	14
Belgium	59	50	17	7
Netherlands	41	42	11	4
Austria	7	11	3	5
Ireland	2	8	0	3
Poland	1	2	0	0
Total for Others	279	304	74	52
Others not Listed	1	1	3	3
Grand Total	280	305	77	55

Sources: French Customs, CFCE

Trade matrices for fresh, chilled and frozen beef and veal meat are the following:

Export Trade Matrix				
Country	France		Units:	MT, PWE
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	94540	87054	20979	20972
Greece	75624	72415	15317	16808
Russia	23952	48297	4632	2427
Germany	54720	48114	12330	11681
Portugal	13928	18289	4246	5337
Spain	9437	10917	2567	2915
Belgium	8145	10776	1854	2039
Netherlands	9160	10364	2042	2353
UK	3530	4225	1036	775
Morocco	4966	2466	0	95
Total for Others	298002	312917	65003	65402
Others not Listed	18082	16969	3712	3614
Grand Total	316084	329886	68715	69016

Sources: French Customs, CFCE

Export Trade Matrix				
Country	France		Units:	MT, PWE
Commodity	Meat, Beef and Veal		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	86	139	24	19
Others				
Netherlands	67723	71683	16568	18717
Germany	58243	63971	15541	16608
Ireland	40907	48180	11735	9060
Italy	30267	35653	8240	7577
Spain	28332	32018	7158	8799
Belgium	26223	22980	6134	5364
Austria	4808	5224	1518	1402
Denmark	5601	3692	1269	1341
Argentina	2733	2910	1215	705
Hungary	187	1783	135	664
Total for Others	265024	288094	69513	70237
Others not Listed	4518	5047	1615	1659
Grand Total	269628	293280	71152	71915

Sources: French Customs, CFCE

Swine

Production, Supply and Demand Tables

PSD Table						
Country	France					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	15864	15869	15990	15990	0	15700
Sow Beginning Stocks	1518	1518	1470	1467	0	1440
Production (Pig Crop)	27228	27324	26105	26241	0	26000
Intra EC Imports	419	451	400	352	0	340
Other Imports	0	0	0	0	0	0
TOTAL Imports	419	451	400	352	0	340
TOTAL SUPPLY	43511	43644	42495	42583	0	42040
Intra EC Exports	271	349	285	283	0	270
Other Exports	0	0	0	0	0	0
TOTAL Exports	271	349	285	283	0	270
Sow Slaughter	610	614	615	610	0	610
OTHER SLAUGHTER	26640	26691	26085	25990	0	25540
Total Slaughter	27250	27305	26700	26600	0	26150
Loss	0	0	0	0	0	0
Ending Inventories	15990	15990	15510	15700	0	15620
TOTAL DISTRIBUTION	43511	43644	42495	42583	0	42040
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, CFCE, French Customs

PSD Table						
Country	France					
Commodity	Meat, Swine				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	27250	27305	0	26600	0	26150
Beginning Stocks	9	9	0	3	0	0
Production	2386	2378	2338	2315	0	2270
Intra EC Imports	450	443	474	455	0	464
Other Imports	1	5	1	1	0	1
TOTAL Imports	451	448	475	456	0	465
TOTAL SUPPLY	2846	2835	2813	2774	0	2735
Intra EC Exports	345	359	355	355	0	350
Other Exports	239	247	200	220	0	210
TOTAL Exports	584	606	555	575	0	560
Human Dom. Consumption	2262	2226	2258	2199	0	2175
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	2262	2226	2258	2199	0	2175
Ending Stocks	0	3	0	0	0	0
TOTAL DISTRIBUTION	2846	2835	2813	2774	0	2735
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Sources: OFIVAL, SCEES, CFCE, French Customs

Trade Matrices

Trade matrices for live swine are the following:

Export Trade Matrix				
Country	France		Units:	1,000 head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Spain	369	198	67	18
Belgium	126	68	33	10
Italy	105	49	16	17
Netherlands	30	41	11	7
Portugal	7	2	0	0
Total for Others	637	358	127	52
Others not Listed	6	5	0	3
Grand Total	643	363	127	55

Sources: French Customs, CFCE

Import Trade Matrix				
Country	France		Units:	1,000 head
Commodity	Animal Numbers, Swine		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	139	232	67	41
Germany	124	106	29	36
Spain	48	62	16	27
Belgium	68	51	21	5
United Kingdom	7	5	1	0
Portugal	0	4	0	0
Total for Others	386	460	134	109
Others not Listed	13	2	0	3
Grand Total	399	462	134	112

Sources: French Customs, CFCE

Trade matrices for fresh, chilled and frozen pork are the following:

Export Trade Matrix				
Country	France		Units:	MT, PWE
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Exports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Italy	144300	125081	33668	35198
Russia	19897	105077	26071	9934
United Kingdom	33913	32986	8650	8560
Germany	27452	23657	4873	5138
Greece	18667	19151	3108	5833
South Korea	5925	13221	3132	6098
Denmark	3791	12875	3585	1957
Japan	8565	11300	2223	4779
Netherlands	10550	10543	2566	2802
Ireland	4273	7789	1315	2556
Total for Others	277333	361680	89191	82855
Others not Listed	69223	55044	12535	16306
Grand Total	346556	416724	101726	99161

Sources: French Customs., CFCE

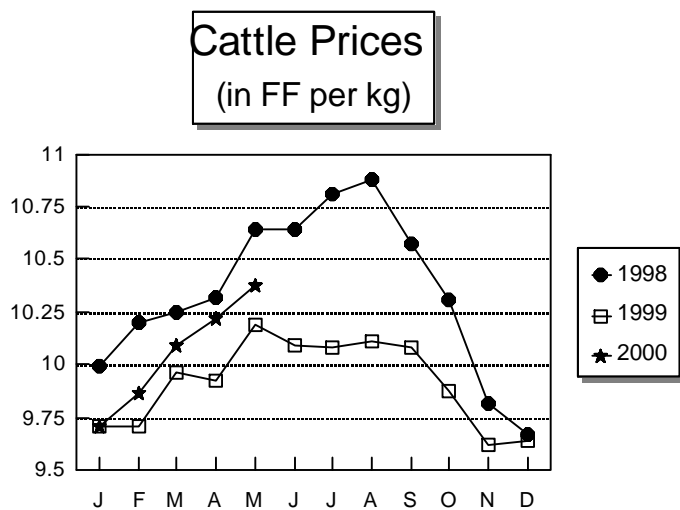
Import Trade Matrix				
Country	France		Units:	MT, PWE
Commodity	Meat, Swine		Partial Begin	January
			Partial End	March
Imports for:	1998	1999	1999	2000
	Full	Full	Partial	Partial
U.S.	0	0	0	0
Others				
Netherlands	82552	87323	20526	21323
Spain	53976	73702	16935	22172
Denmark	78143	66697	17029	13410
Belgium	52147	42960	14113	11648
United Kingdom	18997	17604	5370	2890
Germany	8677	12340	3000	3483
Ireland	8322	4881	1515	968
Hungary	4347	4603	973	1115
Sweden	4453	3655	991	849
Total for Others	311614	313765	80452	77858
Others not Listed	4224	4327	1118	
Grand Total	315838	318092	81570	77858

Sources: French Customs, CFCE

SECTION III: NARRATIVE ON SUPPLY, DEMAND, POLICY AND MARKETING

Production

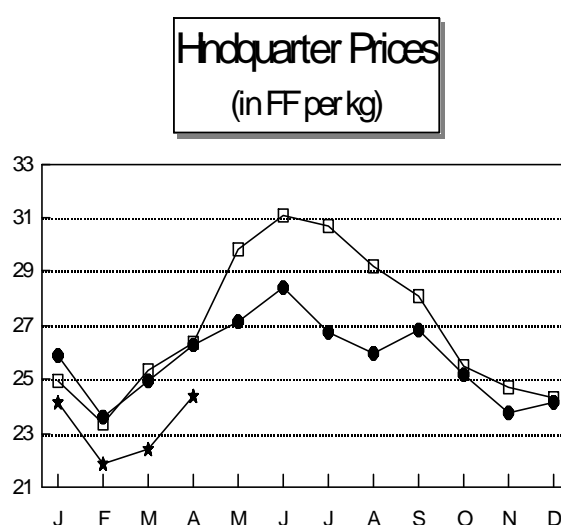
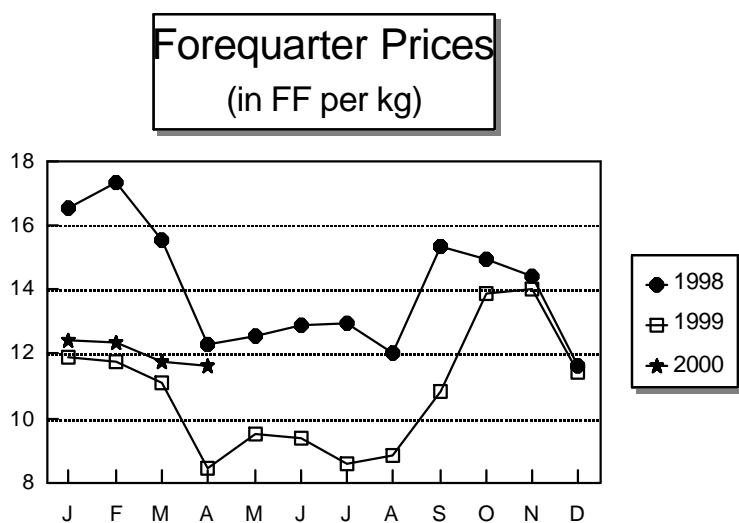
Cattle:



The opposite graph represents fluctuations of producer prices for cattle (except calves) in 1998, 1999 and 2000. Prices dropped significantly from September 1998, due to the Russian economic crisis and remained at low levels in 1999. However, cattle prices during the first five months of 2000 have been higher than in 1999. This resulted from the lower supply compared to 1999 combined with high and stable beef consumption. Cattle prices are expected to remain higher throughout the year 2000 compared to prices in 1999.

The forecast for 2001 is for higher prices than in 2000, recovering further from the Russia economic crisis.

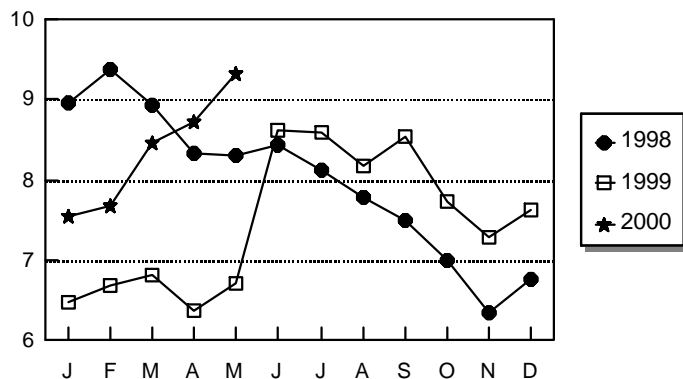
The graphs below show wholesale prices for R beef on the Paris wholesale market (Rungis). Forequarters are generally consumed in winter, while hindquarters are more frequently consumed in the summer season by French consumers, which explains their price fluctuations.



Growing cattle producer prices in 2000 are likely to result in a 2 percent increase in cattle slaughter from 1999 to 2000, covering every category of animals. The increase in cow slaughter can also be explained by abnormally low levels in 1999. Due to a higher number of animals slaughtered, total French cattle herd is likely to decline to 20.15 million head in December 2000.

Swine:

E Hogs Prices
(in FF per kg)



The opposite graph shows fluctuations in French pork producer prices from 1998 to 2000. Low prices in 1998 and 1999 were caused by the oversupply of EU pork and the Russian economic crisis, which hurt exports.

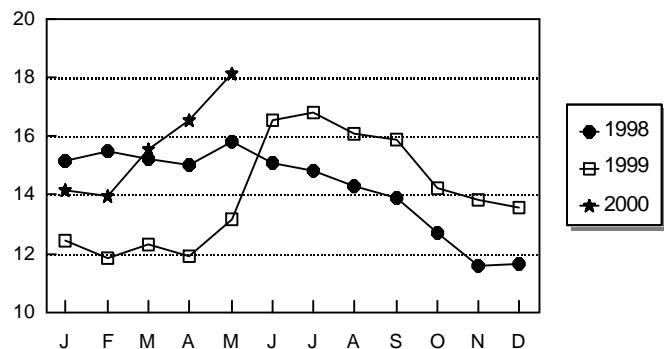
Pork producer prices increased in June 1999 due to the seasonal decline in EU production combined with the dramatic increase in shipments to Russia, as a result of high EU export restitutions and EU Food Aid to Russia.

During the first half of 2000, French and EU producer prices have been significantly higher than in 1999. This resulted from the reduction in pork production in France and the EU.

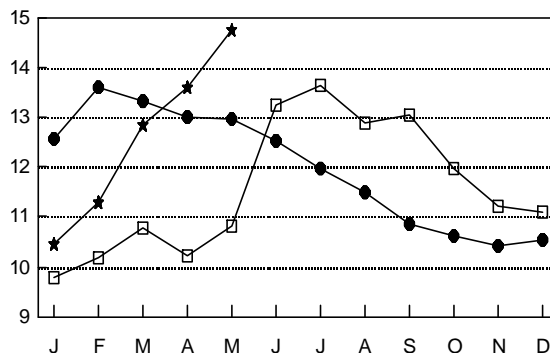
In addition, the production of French slaughterhouses was limited by the reduced number of working days in May and June, when several weeks had four working days rather than five. This reduced pork supply, combined with a strong consumer demand, and raised prices.

The two graphs below show similar fluctuations in whole sale prices for loin and ham in the Paris wholesale market (Rungis):

Loin Wholesale Prices
(in FF per kg)



Ham Wholesale Prices
(in FF per kg)



Consumption

French beef and veal consumption is expected to increase slightly from 1999 to 2000, due mainly to favorable economic conditions, combined with low retail prices of beef previously in EU intervention stocks. In addition, French imports of veal meat from the Netherlands were significant in the first months of 2000 and sold at low prices on the French market, therefore increasing consumption.

The increase in pork prices is forecast to increase the price-competitiveness of beef products compared to pork products in 2000. As a result, French pork consumption is expected to decrease slightly from 1999 to 2000. The forecast for 2001 is for a stable beef consumption and a slight decline in pork consumption.

Trade

Cattle:

French exports of live cattle are likely to increase from 1999 to 2000, due mainly to increased shipments of young animals to be fattened in Italy, where French animals are replacing Irish animals in 2000.

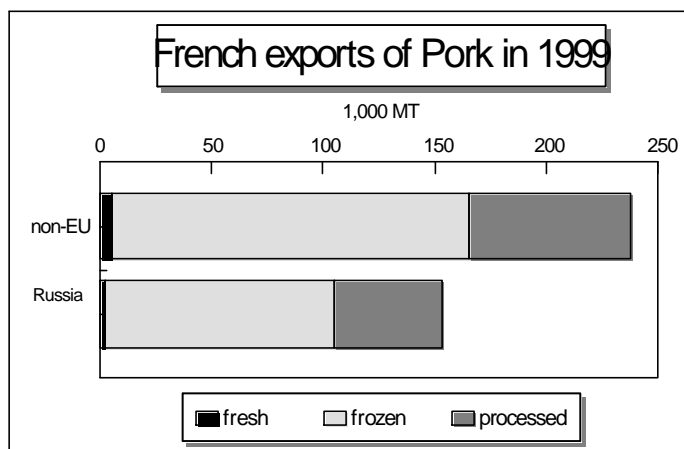
French imports of beef and veal meat are likely to remain stable in 2000 from 1999, as a result of increased shipments of veal from the Netherlands combined with decreased beef imports from Ireland. French exports of beef and veal meat are expected to decline sharply to non EU countries, due to reduced shipments to Russia. The EU Food Aid program to Russia organized in 1999 was terminated in 2000.

Swine:

French imports and exports of live swine are expected to decrease from 1999 to 2000. The decline in French imports is mainly due to reduced shipments from the Netherlands and Belgium, as a result of the 1999 dioxin issue. The reduction in French exports of live swine results from reduced shipments of piglets to Spain. Spain replaced Dutch animals with French animals in 1999 for sanitary purposes (there was swine fever in the Netherlands) but in 2000, Spain imports more piglets from the Netherlands than from France. A further decline in live swine trade is likely to occur in 2001.

French imports of pork meat are estimated to increase in 2000, as a result of high domestic pork prices, which reduce the competitiveness of French pork products compared with Danish and Dutch products. French exports of pork are also expected to decline in 2000, mainly due to reduced shipments to Russia, which benefitted from high EU export restitutions in 1999, and despite higher exports to Japan and Korea, which do not benefit from EU export subsidies.

From March to May 2000, the EU Commission gradually decreased export restitutions for fresh, frozen and processed pork to Russia. The Commission decided to move these reductions because the market situation is changing. Restitutions were set at high levels in 1999 when there was an oversupply of pork and prices were low, while currently prices are higher and supply is adjusting better to demand.



As France is as a major exporter of frozen and processed pork to Russia, French exports of pork are significantly hurt by these measures. In 1999, French pork shipments to Russia accounted for 50 percent of total French exports of fresh pork to non-EU countries, 64 percent of French exports of frozen pork to non-EU countries and 67 percent of total French exports of processed pork (see opposite graph).

Stocks

Both beef and pork stocks are expected to be nil in France in December 2000, and no additional stocks are expected in 2001.

Policy

Animal Welfare

General:

An EU Directive on animal welfare is being prepared by the EU Commission, and is likely to result in European standards for hogs produced in the EU. These standards may include a minimum area per fattened hog and non- or less slatted floors, to be replaced by floors with straw. To date, there has been no consensus on the subject among Member States: the United Kingdom is currently producing hogs according to UK welfare standards, as an initiative of UK consumers and retailers, and Scandinavian countries favor the project. By contrast, consumers in southern European Member States are only slightly concerned about animal welfare. French pork producers currently oppose the project.

Animal Transportation:

Animal transportation in France is regulated by the December 1995 and November 1996 decrees on animal protection during transportation. Since July 1, 1999, EU regulation 411/98 set additional standards for animal transportation of more than eight hours.

Stop points for animal transportation are approved by the French Regional Veterinary Services (RVS) according to the EU regulation 1255/97 implemented on January 1999 in the EU Member States, and transposed into French law in a decree dated November 1999. In February 2000, the French MinAg asked the RVS to strengthen their sanitary controls on these stop points

French Cattle Identification Program and Beef Labeling

See report FR8063 for French cattle identification and beef labeling.

When an animal is born in France, it is given an identification number, which it keeps for its lifetime. This number is linked to the numbers assigned during meat processing and marketing (slaughtering and cutting numbers). According to an 1999 EU regulation, there is a national data base where animal shipments are recorded. All animals have passports (including identification, sanitary, and parentage information) that stay with them when they move. AFNOR (French Standards Organization) standards set in 1997 and 1998 detail how to link the identification number with the slaughtering number and the cutting numbers. Finally, a 1999 decree from the Ministry of Economy and Finance specifies that a company that does not trace animals and meat can be fined, and that traceability must go from the live animal to the beef cut in retail outlets.

EU Beef Labeling Regulation

One of the French MinAg's objectives during France's presidency of the European Union is to reach a compromise among Member States on the EU beef labeling regulation. Following several months of negotiations with the EU Commission and the EU Parliament, the EU ministers of agriculture agreed on a beef labeling policy at the European Agricultural Ministers Council of mid-July. The new EU regulation will be implemented on September 1st, 2000 and includes the following:

- beef tracing will be based on the animal identification number or the reference code of the herd of origin and the slaughterhouse and cutting plant approval numbers (the French beef labeling scheme fits in this part of the European scheme);
- ground meat will be labeled with the name of the country where the product was prepared (the French beef labeling system does not include ground beef labeling, and France will therefore have to adapt to the EU law);
- EU beef labeling will not include the category of animal, e.g., cow or young bull (the French beef labeling scheme indicates the category of animal, and French beef can continue to indicate it, although the EU law does not require it);
- from January 2002, the labels on fresh, packed and ground meat will have to indicate the countries where the animal was born, fattened and slaughtered (under the French beef labeling system, the country where the animal was slaughtered is the only indication of origin, and France will have to complete its regulation to comply with the new EU regulation).